



Office of Audits  
Office of Inspector General  
U.S. General Services Administration

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN

Contract Administration for Group 10  
Recovery Act Limited Scope and  
Small Construction Projects  
Report Number A090184/P/R/R12008  
June 13, 2012

*Assignment Number A130130*  
*March 28, 2014*



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**Office of Audits  
Office of Inspector General  
U.S. General Services Administration**

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DATE: March 28, 2014

TO: Julia E. Hudson  
Regional Administrator  
National Capital Region (WA)

FROM: Susan P. Hall *Susan P. Hall*  
Audit Manager, Real Property Audit Office (JA-R)

SUBJECT: Implementation Review of Corrective Action Plan  
Contract Administration for Group 10  
Recovery Act Limited Scope and Small Construction Projects  
Report Number A090184/P/R/R12008, June 13, 2012  
*Assignment Number A130130*

We completed an implementation review of the management actions taken in response to the recommendations contained in the subject audit report (See **Appendix A**). The objective of our review was to determine whether the Regional Commissioner of the Public Buildings Service (PBS) has taken corrective actions as outlined in the Action Plan for the *Contract Administration for Group 10 Recovery Act Limited Scope and Small Construction Projects* report. To accomplish our objective we:

- Examined documentation submitted by PBS supporting accomplishment of the Action Plan steps;
- Performed limited testing of the implementation of the guidance and procedures contained in these supporting documents; and
- Interviewed and corresponded with PBS personnel.

Although PBS addressed the audit recommendations in its August 17, 2012, Action Plan, we determined that it had not taken all corrective actions. As a result, a revised corrective action plan addressing the open recommendations must be submitted within 30 days to the Governmental Accountability Office/Inspector General Audit Response Division (H1C).

Management's written comments on our draft report are included in **Appendix B**.

If you have any questions regarding this report, please contact me or any member of the audit team at the following:

Susan P. Hall	Audit Manager	<a href="mailto:susan.hall@gsaig.gov">susan.hall@gsaig.gov</a>	(202) 501-2073
Felicia Silver	Auditor-In-Charge	<a href="mailto:felicia.silver@gsaig.gov">felicia.silver@gsaig.gov</a>	(202) 501-1360

On behalf of the audit team, I would like to thank you and your staff for your assistance during this review.

## Background

On June 13, 2012, we issued an audit report, *Recovery Act Report—Contract Administration for Group 10, Review of PBS’s Limited Scope and Small Construction Projects Funded by the American Recovery and Reinvestment Act of 2009*, to the Regional Administrator, National Capital Region. The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided the General Services Administration (GSA) with \$5.55 billion for its Federal Buildings Fund to be used to convert federal buildings to High-Performance Green Buildings as well as to construct federal buildings, courthouses, and land ports of entry.

Under the Group 10 Recovery Act project, the roofs of the Howard T. Markey Courthouse (Markey Courthouse) and the Robert C. Weaver Federal Building (Weaver Building) were to be replaced using a \$6,159,621 design-build contract. The projects required the installation of Energy Star insulated roofing systems.

Our audit found:

- GSA needs to strengthen its implementation of security measures; and
- A subcontractor was not in compliance with the Davis-Bacon Act.

To address the audit findings, we recommended that the PBS National Capital Region Regional Commissioner:

1. Strengthen policies, procedures, and collaboration amongst divisions to ensure that: all contract employees accessing GSA facilities have proper security clearances prior to site access, and background check information is shared with and retained by contract and project management staff;
2. Secure physical access at the Group 10 Weaver Building project; and
3. Review contractor compliance with the Davis-Bacon Act to identify and correct all violations.

The Regional Administrator, National Capital Region agreed with the report recommendations.

## Results

Our implementation review identified the following corrective actions as not fully implemented:

- In response to Recommendation 1, PBS stated it would “Review background check information to verify the following: (a) contractors have filled out the required forms and returned to the Contracting Officer (CO); (b) CO sent forms to GSA’s security office for approval; and (c) after approval, the CO informed the project management staff of those individuals that have been approved, who then informs the building manager.”

We selected a sample of 11 contract employees from the certified payroll records for the week ending July 14, 2012, to test whether the contractor completed the required security forms and background checks. During our testing, we found that the required forms were not included in the contract files. Instead, we were provided a database report that contained the names of regional government and contractor employees, identifying their security status. Only 3 of the 11 contract employees' names were included in this report. None of the 3 had completed the security process. We did not receive any other information to confirm whether the Agency initiated the background checks for the remaining 8 contract employees or completed the process for the 11 employees. Therefore, we concluded that PBS did not satisfy the corrective action plan for Recommendation 1.

- In response to Recommendation 3, PBS responded "The GSA ARRA Project Manager, along with the Construction Manager will be tasked with a more aggressive oversight and review of contractor requirements to pay employees in accordance with the Davis-Bacon Act. All weekly certified payrolls for this project will be reviewed, along with more onsite labor interviews to ensure compliance with all aspects of the Davis Bacon Wage Determination for this project."<sup>1</sup>

We tested the certified payroll records for the week ending July 14, 2012, against the applicable Davis-Bacon Act wage determination. Of the 11 contract employees, we found that 2 were paid an hourly rate of \$1.80 less than the Davis-Bacon Act wage determination for the Sheet Metal Mechanic work classification. Therefore, we concluded PBS did not satisfy the corrective action plan for Recommendation 3.

## Management Comments

Management concurred with our finding on Recommendation 1, noting that not all construction employees could be verified with a favorable suitability and fitness determination. Management disagreed with our finding related to the Davis-Bacon Act violations. Management's written comments on our draft report are included in **Appendix B**.

## OIG Response to Management Comments

The contract file documentation did not support management's disagreement with the finding related to the Davis-Bacon Act violations. According to Federal Acquisition Regulation 22.404-6(c)(1):

(c) The following applies when contracting by negotiation: (1) All written actions modifying wage determinations received by the contracting agency before

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<sup>1</sup> American Recovery and Reinvestment Act (ARRA) is also referred to as the Recovery Act.

contract award, or modifications to general wage determinations published on the WDOL {*Wage Determinations OnLine.gov*} before award, shall be effective.

The contract was awarded on September 15, 2010. The wage determination in effect at that time was General Decision Number DC100004, modification 4, revised August 20, 2010. This was the wage determination we used in our analysis. Therefore, we reaffirm our finding on the two Davis-Bacon Act wage determination violations.

### **Action Required**

The Regional Administrator, National Capital Region, is required to submit a revised corrective action plan to the Governmental Accountability Office/Inspector General Audit Response Division (H1C) within 30 days showing the new corrective actions planned.

## Appendix A – Action Plan for Report Number A090184/P/R/R12008

### PBS Action Plan

Designated Responding Official: [REDACTED]  
 Contact Person: [REDACTED]  
 Telephone Number: [REDACTED]  
 Date: 8/17/2012

Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A090184/P/R/R12008 Recovery Act Report-Energy Retrofit for Group 10	1	11/30/2012

**Recommendation**

The Public Buildings Service (PBS) National Capital Region (NCR) Regional Commissioner should strengthen policies, procedures, and collaboration amongst divisions to ensure that: all contract employees accessing GSA facilities have proper security clearances prior to site access and background check information is shared with and retained by contract and project management staff.

**PBS Action Plan**

Action to be Taken Step-by-Step:	Supporting Documentation:	Documentation will be Sent Last Day of:
1. The GSA Project Manager will meet with the HUD Security Office and review current building security access requirements for contractor employees, for normal and non-normal work hours and schedule a coordination meeting with the Prime Contractor.	Minutes of the meeting	9/30/2012
2. Hold meeting with Prime Contractor and their subcontractors and review the security requirements to ensure all parties are briefed on what is required for access to the building and how to ensure that the contract employees are only granted access to the authorized work areas covered under their contract requirements.	Minutes of the meeting	9/30/2012
3. Review background check information to verify the following: (a) contractors have filled	Summary of review results	11/30/2012

**Appendix A – Action Plan for Report Number A090184/P/R/R12008 (cont.)**

**PBS Action Plan**

Designated Responding [REDACTED]  
Contact Person: [REDACTED]  
Telephone Number: [REDACTED]  
Date: 8/17/2012

out the required forms and returned to the Contracting Officer (CO); (b) CO sent forms to GSA's security office for approval; and (c) after approval, the CO informed the project management staff of those individuals that have been approved, who then informs the building manager.		
4. Provide notice concerning retention of records by contract and project management staff for background check information	Copy of notice	11/30/2012
5. Re-issue guidance on contract employees accessing GSA facilities.	Copy of email distributing guidance	11/30/2012

**Appendix A – Action Plan for Report Number A090184/P/R/R12008 (cont.)**

**PBS Action Plan**

Designated Responding Official: [REDACTED]  
 Contact Person: [REDACTED]  
 Telephone Number: [REDACTED]  
 Date: 8/17/2012

Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A090184/P/R/R12008 Recovery Act Report-Energy Retrofit for Group 10	2	9/30/2012

**Recommendation**

The PBS NCR Regional Commissioner should secure physical access at the Group 10 Weaver Building project.

**PBS Action Plan**

Action to be Taken Step-by-Step:	Supporting Documentation:	Documentation will be Sent Last Day of:
<p>1. This building is delegated and as such, the building management staff of HUD is responsible for maintaining the doors locked at all times.</p> <p>However, our Construction Manager will work with the building management to ensure that the doors are kept locked during construction and that no unauthorized personnel gain access to the building and will request the area be secured.</p>	<p>Confirmation from HUD's building management staff that the doors have since been locked and are kept locked at all times.</p>	<p>9/30/2012</p>

**Appendix A – Action Plan for Report Number A090184/P/R/R12008 (cont.)**

**PBS Action Plan**

Designated Responding Official: [REDACTED]  
 Contact Person: [REDACTED]  
 Telephone Number: [REDACTED]  
 Date: 8/17/2012

Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A090184/P/R/R12008 Recovery Act Report-Energy Retrofit for Group 10	3	11/30/2012

**Recommendation**

The PBS NCR Regional Commissioner should review contractor compliance with the Davis-Bacon Act to identify and correct all violations.

**PBS Action Plan**

Action to be Taken Step-by-Step:	Supporting Documentation:	Documentation will be Sent Last Day of:
1. The GSA ARRA Project Manager, along with the Construction Manager will be tasked with a more aggressive oversight and review of contractor requirements to pay employees in accordance with the Davis-Bacon Act. All weekly certified payrolls for this project will be reviewed, along with more onsite labor interviews to ensure compliance with all aspects of the Davis Bacon Wage Determination for this project.	Summary report prepared by the GSA Project Manager verifying the review of all weekly certified payrolls, through the end of construction	8/31/2012
2. Final payment to the contractor will not be made until the Davis-Bacon review is completed and any issues are addressed.	Summary report showing that the violation has been actually corrected.	11/30/2012

## Appendix B – Management Response



GSA National Capital Region

MEMORANDUM FOR R. NICHOLAS GOCO  
DEPUTY ASSISTANT INSPECTOR GENERAL  
FOR AUDITING  
REAL PROPERTY AUDIT OFFICE (JA-R)

FROM: JULIA E. HUDSON   
REGIONAL ADMINISTRATOR (WA)

SUBJECT: Recovery Act Report–Contract Administration for Group 10  
Review of PBS's Limited Scope and Small Construction Projects  
Funded by the American Recovery and  
Reinvestment Act of 2009  
Report Number A090184-53/P/R/R12008

Please find enclosed, The National Capital Region's response to your Draft Implementation Review of Corrective Action Plan of Contract Administration for Group 10 Review of PBS's Limited Scope and Small Construction Projects Funded by the American Recovery and Reinvestment Act of 2009, issued as part of the Office of Inspector General's oversight of the General Services Administration's (GSA) implementation of the National Capital Region's Limited Scope and Small Construction American Recovery and Reinvestment Act (Recovery Act) projects. The objective of your review was to determine if GSA addressed all the audit recommendations in the corrective action plan in administering the Group 10 limited scope construction contract in accordance with the Federal Acquisition Regulation, the GSA Acquisition Manual, and Recovery Act mandates. Evaluations on Findings number #1 and #3 requested further corrective action.

Under the Recovery Act, Congress appropriated \$5.5 billion to the Federal Buildings Fund, with \$4.5 billion for measures necessary to convert GSA facilities to High-Performance Green Buildings, as defined by Section 401, Public Law 110-140. Subsequently, GSA awarded a design build contract for roofing replacements at the Markey Courthouse and Weaver Building for \$6,159.621. Your review identified several issues that require a written response.

#### Findings/Responses:

Finding #1, in part, states: Weaknesses exist in GSA's implementation of security measures. GSA's controls for ensuring contractor personnel have adequate background checks prior to accessing federal buildings are weak. Only 3 out of 11 contract employees could be verified to have completed the HSPD12 process.

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## Appendix B – Management Response (cont.)

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Response to Recommendation #1: We concur with the finding that not all construction employees could be verified with a favorable suitability and fitness determination. GSA has now tasked this responsibility with the Office of Mission Assurance; this office has undertaken multiple initiatives to strengthen HSPD12 certification across the Agency. As part of these initiatives, Mr. Doug Baker, Program Manager, has already held two live training classes in the NCR building on HSPD12 Security Application requirements, submission processes, approval and adjudication processes, and contract provisions to be incorporated into contracts. We anticipate that additional training classes will be held in the near future.

Finding #3, in part states: Subcontractor personnel were found to be paid below the hourly wage rates prescribed by the Davis-Bacon Act. The Davis-Bacon Act directs the Department of Labor to determine locally prevailing wage rates that apply to contractors and subcontractors performing on federally funded contracts for construction, alteration, or repair of public buildings. Contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than these locally prevailing wage rates. Testing of the certified payroll revealed that two employees were paid an hourly rate \$1.80 below the wage determination on July 14, 2012.

Response #3: We disagree with the finding on the testing sample. The GSA project management team and the Contracting Officer worked with the contractor to reimburse employees in accordance with the Davis-Bacon wage rates established in the contract per General Decision Number DC080004/2010. The Contractor paid the employees \$46.37/hour and the wage determination at the time of award was \$45.95.

To support the Department of Labor and Davis-Bacon Act compliance, NCR will randomly audit our contract administration staff on their compliance to perform employee interviews and payroll compliance evaluation.

The Region appreciates the support that has been provided by your review of NCR/PBS's limited scope and small construction projects funded by ARRA.

If you have any questions or require any additional information, please feel free to contact me at (202) 708-9100, or Darren Blue, Regional Commissioner, Public Buildings Service. He may be reached at (202) 708-5891.

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## ***Appendix C – Report Distribution***

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Commissioner, Public Buildings Service (P)

Deputy Commissioner, Public Buildings Service (P)

PBS Chief of Staff, Public Buildings Service (P)

Regional Recovery Executive, Public Buildings Service, National Capital Region (WP)

Acting National Program Office ARRA Executive, Public Buildings Service (PCB)

Chief of Staff, PBS Office of Construction Programs (PCB)

Regional Administrator, National Capital Region (WA)

Regional Commissioner, Public Buildings Service, National Capital Region (WP)

Regional Counsel, National Capital Region (LDW)

Program Manager, GAO/IG Audit Response Division (H1C)

Audit Liaison, Public Buildings Service (BCP)

Audit Liaison, Public Buildings Service, National Capital Region (BCPA)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)

Deputy Assistant Inspector General for Investigations (JID)

Director, Office of Internal Operations (JI-I)

Investigator, Office of Internal Operations (JI-I)